

**REMARKS/ARGUMENTS**

Request for Continued Examination:

The applicant respectfully requests continued examination of the above-indicated application as per 37 CFR 1.114.

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In the Final Office Action, all pending claims are rejected under 35U.S.C.103 as being regarded unpatentable over U.S. Patent No. 5,812,789 of Diaz (hereinafter as *Diaz*) in view of Sun et al., MPEG Coding Performance Improvement by Jointly Optimizing Coding Mode Decisions and Rate Control; IEEE Transactions on Circuits and Systems for Video Technology, Vol. 7, No. 3, June 1997, pages 449-458 (hereinafter as *Sun*).

Along with filing an RCE, independent Claims 1 and 10 are added with a limitation of “when both the decoder and the encoder operate concurrently.” Such amendments at least can find support in [Para 20] and [Para 21] and no new matter is added. Reconsideration is respectfully based on the amendments and the following remarks.

First, amended independent Claim 1 directs to a video signal processing system that contains a decoder and an encoder that may operate concurrently. When the decode needs more computation power because of the decoded stream is found using a complex scheme, e.g. a P fame, the encoder chooses an encoding scheme that needs less computation power dynamically. With such design, if a user is recording a video stream while watching a decoding result at the same time, a solution needs less powerful requirement is achieved. Applicant cannot see such feature and benefit found in either *Diaz* or *Sun*.

Regarding *Diaz*, as respectfully submitted in Applicant’s previous response, *Diaz* simply teaches dropping frames to solve the problem of lack of computation power. *Diaz* is silent on teaching of changing an encoding scheme for an encoder to a more complex scheme if the decoder finds that current decoding picture needs less computation power to decode.

Regarding *Sun*, as stated in the Office Action, *Sun* teaches dynamically

changing encoding a macroblock based on determined mode of the preceding macroblock so as to achieve smallest rate distortion. In other words, *Sun* teaches using a more complex encoding mode for encoding a macroblock if its preceding macroblock is found encoding under a less complex encoding mode to keep the rate not changing too much. *Sun* does not teach determining encoding schemes dynamically for encoding a bitstream by reference to current decoding scheme of another bitstream. It is the same bitstream and only encoding is taught in *Sun*. Therefore, *Sun* also fails to teach the missing feature not suggested by *Diaz* as discussed above.

10 When both *Diaz* and *Sun* do not suggest the feature recited in amended Claim 1, their combination cannot suggest all features of amended Claim 1. Thus, it is respectfully submitted that Claim 1 is patentable over *Diaz* in view of *Sun*. The other independent Claim 10 and dependent claims depending from either Claim 1 or Claim 10 encompass the feature as discussed. Therefore, rejections to these pending 15 claims are respectfully requested to be withdrawn.

## CONCLUSION

All of the stated grounds of rejection have been properly traversed, or rendered moot. Applicant therefore requests that the Examiner reconsiders all presently outstanding rejections and that they be withdrawn. Applicant believes that  
5 a full and complete reply has been made to the outstanding Office Action and, as such, the present application is in condition of allowance.

Prompt and favorable considerations of this Amendment and Reply is respectfully requested.

10 Recognizing that Internet communications are not secure, I hereby authorize the USPTO to communicate with me concerning any subject matter of this application by electronic mail. I understand that a copy of these communications will be made of record in the application file.

15 Sincerely yours,

/Scott Margo/

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25 Note: Please leave a message in my voice mail if you need to talk to me. (The time in D.C. is 12 hours behind the Taiwan time, i.e. 9 AM in D.C. = 9 PM in Taiwan.)